

## LOTTERY

### STATUTORY PROVISION

Title 29, Delaware Code, Chapter 48.

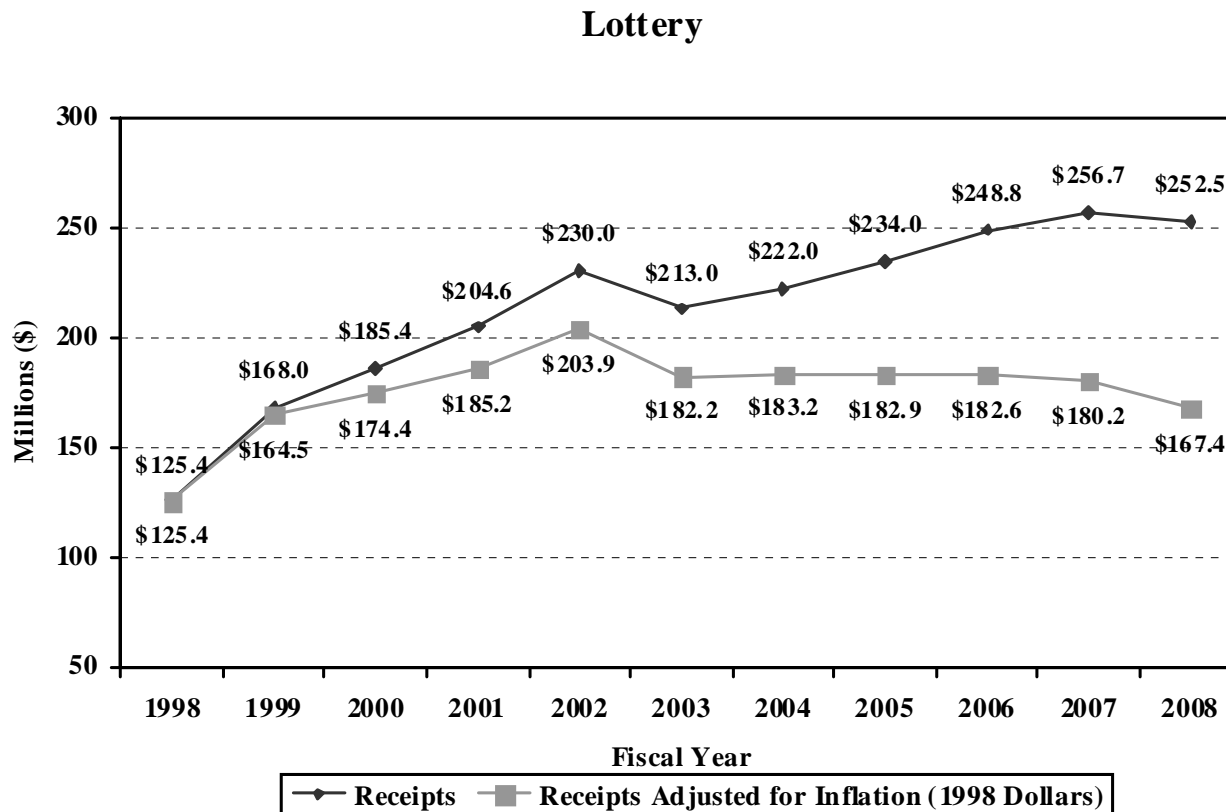
### COLLECTION/ADMINISTRATIVE AGENCY

The Department of Finance, State Lottery Office administers and collects revenue from the operation of traditional and video lotteries.

### GENERAL INFORMATION

The Lottery consists of traditional lottery products in the form of daily drawings, lotto, instant tickets, and the multi-state Powerball. The video lottery is state-operated using video lottery machines or a network of linked video lottery machines restricted in operation to those locations authorized by statute (harness and thoroughbred race tracks).

### REVENUE RECEIPTS



## LOTTERY

### REVENUE ALLOCATION

**Traditional Lottery:** The distribution of gross revenues generated through lottery ticket sales is subject to the following restrictions:

- Prizes must constitute no less than 45% of gross revenues;
- The cost of operations and administration may not exceed 20% of gross revenues, and;
- The amount deposited into the General Fund must be no less than 30% of gross revenues.

**Video Lottery:** The distribution of gross revenues generated through video lottery wagering varies depending upon levels of play and the terms of contracts negotiated between the State and video lottery machine vendors. Generally speaking, however, the distribution of gross revenues is as follows:

- Approximately 92% of the total amount wagered is returned to players in the form of prizes.
- Of the remaining 8% of the total amount wagered, funds are distributed in approximately the following pattern:
  - 48% to agents (tracks);
  - 11% to supplement the purses offered at Delaware harness and thoroughbred tracks;
  - 5.5% to machine and central computer vendors;
  - 34.5% to the General Fund;
  - Remaining proceeds are split between Department of Health and Social Service's treatment programs for compulsive gamblers, administrative costs, and a Delaware horse breeder's fund.

### LEGISLATIVE HISTORY

<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
5/31/74	5/31/74	Established Delaware State Lottery (59 Del. Laws c 348; HB 647).
7/7/76	7/7/76	Moved State Lottery Office from the Executive Office of the Governor to the Department of Finance (60 Del. Laws c 539; SB 819).
7/16/94	7/16/94	Authorized the video lottery at three venues: Delaware Park, Dover Downs, Harrington Raceway (69 Del. Laws c 446; HB 628).

## LOTTERY

<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
3/26/98	3/26/98	Re-authorized the video lottery. Raised the limit on the number of video lottery machines from 1,000 to 2,000 per licensed agent. Provides the State with 100% of the savings resulting from the renegotiated or new vendor contracts (71 Del. Laws c 253; HB 463).
7/9/01	7/9/01	Permitted Lottery Director to procure video lottery machines under the procedures used for professional services contracts (29 Del. Laws c 6981-82; SB 217).
6/19/03	6/19/03	Revised the video lottery distribution formula to increase the State's share of video lottery proceeds. Extended operating hours for video lottery agents. Permitted the Lottery Director to authorize an additional 500 machines at each racetrack (maximum of 1500 per track). Allowed video lottery agents to use video lottery machines for promotional tournaments. Required video lottery agents to pay 50% of costs associated with machines with license and proprietary fees. Created an Advisory Council on Lottery Planning (74 Del. Laws c 53; HB 269).
4/8/04	1/1/04	Increased the State's contribution to the Standardbred Breeders' Fund from \$1.0 million to \$1.5 million and increased the contribution to the Standardbred Breeders' Fund from video lottery revenues already dedicated for harness racing purses (74 Del. Laws c 222; SB 201).
2/1/06	2/1/06	Enacted Video Lottery Competitiveness Act of 2006 which included: 24 hour video lottery operations; Exclusion of free promotional play from net proceeds through May 31, 2007; Guaranteed minimum annual payment of \$1,000,000 to the treatment and prevention of problem gambling; and Increased the maximum number of video lottery machines at each racetrack from 2,500 to 4,000 and implements annual fees for additional machines (75 Del. Laws c 229; HB 332).
5/10/07	5/10/07	Eliminated the sunset on the video lottery agent promotional credit program; Created a FY 2008 performance benchmark for video lottery agents (76 Del. Laws c 19; HB 148).
7/1/08	7/1/08	Reduced the state's annual contribution to the Delaware Standardbred Breeder's Fund and Delaware Certified Thoroughbred Program by \$750,000 and \$250,000 respectively. Increased the surcharge imposed upon each video lottery agent's commission to 3.25% (effective 7/1/08) and 5.25% (effective 7/1/09). Stipulated that each respective video lottery agent shall pay all equipment costs consisting of video lottery machine license or proprietary fees. Established that the amount of free promotional play offered by the video lottery agents and the hours of operation on Sundays shall be determined by the recommendation of the Lottery Director with the approval of the Secretary of Finance (76 Del. Laws c 283; HB 514).